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INFORMATION



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Some Human Factors in Railroad Earning Power

By ELISHA LEE

Vice-President in Charge of Eastern Region

This address was delivered by Mr. Lee April 9, 1920, before the members of the Philadelphia Chapter, American Institute of Banking.

When I was honored with the invitation from your chairman to address you tonight, I wondered what particular phase of railroad management, or what especial aspect of the complicated subject we have come to call the "railroad problem," would be most likely to interest you. I have been a railroad man practically all of my working life, that is to say, about 28 years, and during the whole of that period I have been occupied almost exclusively with the details of physical operation. Like many other of the operating officers of the Pennsylvania Railroad, I started as Rodman, and from that position to Gen-

eral Manager I have worked in nearly all of the intermediate transportation grades. So that what I know best is keeping a railroad in order and running trains over it.



ELISHA LEE

However, it occurred to me that, as your interests are identified with banking and credit, you are more immediately concerned with the economic side of railroading than with its technical engineering features, interesting as these always seem to be to the layman when explained in non-technical language.

The economic side of rail transportation has two main aspects. One relates to the stability and market value of railroad

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securities and the other to the effect, upon the general commercial and agricultural life of the Nation, of the state of development and progress of the railroads and their ability to function properly. I therefore wish to speak briefly, not directly upon these matters themselves—for to do that properly would require one trained in railroad finance—but rather upon some basic facts in the operating situation of the railroads today which seem to me to underlie their financial and economic condition.

New Railroad Act a Cause for Optimism

I wish at the outset to say that, in pointing out unfavorable situations or developments, the purpose is not to blame or discredit any one, but merely to call attention to facts as they exist, for a clear and impartial understanding of the facts is necessary to an intelligent attitude in this as in any other matter.

I would also like to say that if at times I seem to paint a rather gloomy picture and point out situations that are most unmistakably serious, I am by no means a pessimist on the railroads or their future. On the contrary, I am quite definitely an optimist,

and my reason for this position, which I admit cannot be justified by any available statistical analysis of present conditions, is based upon the belief that the railroads have seen their worst days and that a long era of increasingly sympathetic and constructive treatment at the hands of the public and the Government is ahead of them.

The best evidence of this that I know is to be found in the new railroad act. This piece of legislation, it is true, has its imperfections, but they are not beyond remedy, and lack of perfection is, I believe, the one invariably constant characteristic of all human productions. So, I am not discouraged by the fact that the railroad act is not in all particulars just what we would have liked to see it.

Broader Views Prevailing on the Railroad Problem

I am greatly encouraged, on the other hand, by the fact that this act represents, and I believe for the first time, a genuine, honest, painstaking effort on the part of Congress to do something helpful and constructive for the railroads. In the past, legislation has been chiefly devoted to preventing the railroads from being bad. The preventing was very drastically done, so much so that in guarding against the possibility of evil, it came perilously near depriving the railroads of most of their effective powers of usefulness as well, and did, in fact, bring to a complete halt, temporarily, the wonderful progress and growth of our transportation systems upon which the development, population, wealth and civilization of our great country have been so largely based. But, in my sincere belief, the Esch-Cummins act definitely marks the close of the era in which, for regulative purposes, the railroads were to be dealt with as public enemies and restrained, restricted, coerced and legislated against as such.

It would be very ungracious of me, in pointing out what I conceive to be a changed and better viewpoint on the part

of our legislators, to convey the impression that we, the railroad managers, have had on our part nothing to learn or unlearn and no broader vision to acquire. We have, I am glad to state, learned many things, and among them nothing of greater importance than the clear realization of the public nature of this great enterprise in which we are engaged. The old designation of a railroad as "private property dedicated to a public use" has a truer and more real significance to us than ever before. The rights of the owners of the property will not be impaired, but rather strengthened and fortified, by an emphasis of the indispensable nature of the public service to which it is devoted, and by a frank acknowledgment of the priority of the public's right to uninterrupted service over all other rights; creating, as this does, the highest possible obligation on the part of the public to protect and conserve the just rights of the owners of the property so dedicated and used. Capital has intelligently come to this point of view as to the nature of its interest in the transportation enterprise, and in a like fashion, I am convinced, will Labor in the long run be obliged to appraise its relationship.

Some Reasons Why Net Earnings Fell

It is my intention to deal rather with present facts than to venture far upon too many predictions. The general situation now existing as to the earning powers of the railroads is, I presume, known fairly well to all of you. In two years and two months of Federal operation, the Government incurred a deficit of over \$600,000,000 after providing for the rentals due the railroad companies.

Such was the condition of depleted net earnings in which the railroads returned to their owners six weeks ago. The two final months of Federal control were especially unfavorable in their results, unusually severe weather conditions aggravating the effects

of the more permanent factors in the situation.

Disregarding the weather conditions, the factors which contributed to this state of affairs were :

- Greatly increased wages.
- Greatly decreased efficiency per man.
- Greatly increased material costs.
- Greatly deficient rate increases to counterbalance the other factors.

I will not deal separately with the increased material costs, because they are simply the results of higher wages and lower efficiency elsewhere, but will proceed to consider the wages directly paid by the railroad and the relative efficiency of the men on its own pay-rolls. I will give, in this connection, some comparative figures which, though far from being comprehensive, will correctly illustrate the general trend.

Pay-Roll More Than Doubled in Four Years

In 1915 railroad wage and labor conditions were about what we used to call "normal." In that year the average wage paid per man in the Operating Department, on the portion of the Pennsylvania System which we used to call the "Directly Operated Lines" (that is, the lines between New York and Washington, and Philadel-

"I believe an attempt to lower the existing scale of wages under present conditions would be unwise and unjust, and it may even be that there are still some cases in which the employes are not being paid enough. We could stand the existing wage levels if we had the old-time loyalty and personal efficiency. And if the promised increase in efficiency that we were told would come with higher pay and short hours had actually been realized, we would be living in a sort of transportation Utopia."

phia and Pittsburgh, with their branches), was something less than \$840 per year. By the opening of 1920 this had risen to a rate of nearly \$1600 annually. The average wage per employe had practically doubled. Meanwhile, the number of Operating employes (excluding the executive forces at Broad Street Station) had risen from an average in 1915 of 126,000 to 165,000, or 31 per cent., while the total payroll jumped from \$105,000,000 in 1915 to \$240,000,000 in 1919. The entire cost of rendering service, due to the two factors of higher wages and more men, had thus increased nearly 2½-fold.

Has the increase in the amount of work done in recent months, compared with the volume of five years ago, been commensurate with the increase in the number of men required to do it? Or has it been commensurate with the still greater increase in the total money cost?

“Traffic Units” and Pay-Rolls Compared

The answer must be negative to both questions. In 1915 the total freight service for our directly operated lines was 24,300,000,000 ton-miles, and last year 27,100,000,000 ton-miles, an increase of only 11 per cent. It is true that the passenger-miles grew from 2,500,000,000 to 4,500,000,000 in the same period, but the overwhelmingly dominant importance of the freight service, from an operating point of view, in American railroading as it has thus far been developed, minimizes the actual effect of this relatively large increase in the passenger traffic. Even if

we lump ton-miles and passenger-miles together and call them “traffic units,” as is sometimes done for statistical purposes, we find that the service rendered in 1915 was equivalent to 26,800,000,000 traffic units, and in 1919 to 31,600,000,000 traffic units, or an increase of only 18 per cent. To handle this 18 per cent. increase in traffic, as I have just indicated, required 31 per cent. more men, and 129 per cent. more dollars were spent for wages.

Causes Contributing to the Loss in Efficiency

Considering the question of efficiency only, what were the causes of this lessened output per man, despite the incentive of higher wages? I think the chief causes may be enumerated as follows:

The general lowering of the sense of personal responsibility, which, unfortunately, seems inseparable from “working for the Government.”

Loss of many of our best men in the war, some temporarily, others permanently.

Establishment of the eight-hour day.

Inauguration of a rigid seniority rule regarding promotions and lay-offs, regardless of differences in individual ability.

Abolition of piece-work in the shops.

Diminution of the disciplinary powers of officers; brought about by sanctioning of appeals to Washington over decisions of officers on the spot.

The first-named cause—“working for the Government”—I do not propose to

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"We must have increased freight rates, because the price of transportation must be made commensurate with the cost of all the factors which enter into furnishing it. This is so elementary that I hardly think it needs to be argued, and we may take it for granted that an increase will come. The point is to make the increase a sufficient one to restore the railroads' earning power and credit."

discuss at all, believing that its mere statement is sufficient. It is probably the strongest and most universally accepted argument against Government ownership as a permanent policy.

The second cause, the war losses, was unavoidable and common to all enterprises.

With the eight-hour day I have no quarrel in principle. I only regret that in the case of the railroads its establishment has not verified the predictions of its endorsers that the shorter day would bring greater efficiency. With us it has not done so thus far. Rather, the reverse is true.

Seniority Rule Carried to Extremes

The hard and fast seniority rule destroys the incentive to individual effort and enterprise and makes for stagnation. Seniority is correct as a broad underlying principle, but there should be discretionary authority to make selections for promotion, and, when forces are being reduced, there should be some more intelligent rule of picking those who are to stay than the mere question of priority of dates on a service record. The seniority rule has been carried to illogical extremes, protecting the inefficient and careless and discouraging the willing and ambitious.

Piece-work is a correct principle of wage payment and should be adopted wherever practically applicable. It means payment for what a man actually produces. It is peculiarly fitted to shop forces. When piece-work was abolished two years ago at our Altoona Shops, and all men were put on an hourly basis of payment, regardless of what they turned out, we continued our

piece-work record cards until the Railroad Administration in Washington ordered them discontinued. In the two months, however, that this record was maintained, it showed that the production per man per hour actually fell 34.3 per cent. If these records were kept today, it is believed the reduction in output would be fully 40 per cent., if not more. This experience alone condemns the change.

The reducing of the disciplinary powers of employing officers under Federal control, and the sanctioning of direct appeals to Washington from disciplinary measures, were practices which have had a very bad effect on morale. I do not intend to discuss them in detail, but it is a pity they were permitted.

The Railroads' Dollar Nearly Cut in Half

In railroading, as you doubtless know, when we attempt to express final results boiled down to the greatest possible degree, we are nearly always forced to fall back on our old friends, the "traffic units"—ton-miles and passenger-miles.

During 1915, for every dollar of operating pay-roll we carried an average of 231 tons of freight and 24 passengers one mile, a total of 255 traffic units. In 1919, for each dollar of operating pay-roll we carried an average of only 115 tons of freight and 19 passengers one mile, a total of only 134 traffic units. The productive power of the dollar, spent in railroad wages and measured in transportation service rendered, had fallen 47½ per cent.

Now, let us look at this in the terms of the smallest figures used in railroading, the

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revenues and expenses per ton-mile and per passenger-mile. In 1915, for each ton of freight carried one mile we received 6.35 mills and spent in rendering the service, 4.45 mills. We thus had a profit of 1.9 mills for each ton-mile. During 1919 our average gross revenue had risen to 8.96 mills per ton-mile, but the expenses had jumped to 8.68 mills, so that we had a profit of only a little bit better than $\frac{1}{4}$ of a mill for each ton of freight carried a mile.

In 1915 our passenger service produced a gross revenue of 1.996 cents for each passenger carried one mile, and the expenses were 1.735 cents, making a net profit of 2.61 mills. In 1919 gross revenues averaged 2.458 cents per passenger-mile, while expenses had risen to 2.216 cents, leaving a net profit of 2.42 mills for each passenger carried one mile.

The Narrow Margin of Railroad Profits

I think it is extremely interesting, in view of the figures I have just given, to contemplate the extreme minuteness of the factor, the astonishing narrowness of the margin, upon which the earning power of a great railroad system rests. Bear in mind that in 1915 we earned a profit of 1.9 mills on each ton of freight hauled a mile, and 2.61 mills on each passenger carried a mile, while in 1919 these figures had dropped almost to one-quarter of a mill for freight and 2.42 mills for the passenger service.

Why has the margin that existed in 1915 not been maintained today? The answer is obvious. Wages increased about 90 per cent., and the cost of materials in general

about 70 per cent., while rates have risen for both passenger and freight an average of about 34 per cent. In other words, the cost of rendering service has risen fully more than twice as fast as the price received for the service. This is a situation which must be remedied. No other business could stand it. Neither can the railroad business stand it indefinitely.

One Wage Raise and a Year’s Dividend

I fear that I have given you a great many figures, but there are a few more of a comparative nature which are so striking that I think you will find them interesting, as well as informative. In three years, from 1916 to 1919, the average wages per hour of all clerks on our directly operated lines east of Pittsburgh rose 69 per cent., and the man-hours of the clerical forces increased 35 per cent. The total clerk-hire per month rose from \$1,271,000 to \$2,887,000, or 127 per cent.

The increase per month for the pay of clerks was \$1,616,000, or at the rate of \$19,400,000 per year. Please remember that this is for the Lines East only. Making a fairly close estimate for the lines of the System lying west of Pittsburgh, gives us approximately \$32,000,000 per year as the added burden from increased clerks’ wages alone for the Pennsylvania System. The comparison to which I wish to draw attention is that a year’s dividend on the entire \$500,000,000 capital stock of the Pennsylvania Railroad Company requires only \$30,000,000, so that the advance in the wages of only one class of employees—and

by no means a relatively favored class—has wiped out a sum more than equal to our Company's full annual dividend requirements.

I have nothing whatever against the clerks. They were dealt with less liberally and more tardily than many other classes of employes. I merely mention these figures to visualize for you the immensity and reality of the burdens placed upon the earning power of the railroads by the wage increases. Some way must be found to meet these burdens if we wish to escape disaster.

An Efficiency Study of One Class of Labor

I have spoken a number of times of decreased efficiency and its effects. Let me give you one concrete case which I think will illustrate in a very vivid manner how rising wages and reduced efficiency interact to lessen the producing power of a dollar. I will concede that what I am about to speak of is a rather extreme case, but as it affects a very large number of men and many millions of dollars of wages, it is a most important one.

We do not have definite figures as to decreased efficiency of all classes of employes. In most cases it is merely a matter of general observation that men, as a whole, are doing materially less work in a given time than they used to do. In the case of one particular class, however—namely, track laborers—we made a careful study because they constitute the most numerous class of our unskilled labor and because

their wage advances have been relatively unusually large.

Pay of the Trackmen and Their Work

Before the era of war wages we used to figure on paying trackmen about \$1.75 per day. That seems very small now. It may have been too small then, although the purchasing power of a dollar at that time was considered more nearly normal. However, we met the general market and did a little better on this class of labor, and the figure I have named was about the accepted one. Now we pay trackmen about \$4.50 per day, figuring in both cases upon ten hours of duty.

We know, not by guess-work, but by actual facts, that the average efficiency of trackmen in the last four years has decreased over 40 per cent. This has been ascertained by repeated observations of the amount of work done by them in renewing rails, ties, ballast, etc.

A study of this which was completed last fall, and which was based on the actual cost of track work done on the Lines East of Pittsburgh during the five years from 1914 to 1918, showed that, in considering the amount of track material applied, with the number of men employed and the number of hours consumed, at the close of the period wages per man per hour were doubled, while it required twice as many men to do the work. In other words, where the railroad paid out \$1.00 in 1914 for accomplishing a certain unit of track work, it paid out \$4.00 in 1918.

A marked improvement has been shown

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in the track maintenance work since the beginning of 1919. For the first six months of that year, which is the closest that this particular study has been brought up to date, we found that where the \$4.00 was paid out in 1918, it was then only necessary to spend \$2.65 to have the same unit of track work done. That is very encouraging, and I believe we are going to continue to improve in this right along.

Hundreds of Millions Needed for Betterments

I have now stated some of the general factors affecting the railroad situation today from the point of view of its working forces. In addition, there is, as you know, a general shortage of equipment on all railroads. On our own road we need 250 locomotives, 8000 freight cars, and 500 passenger cars, as a minimum estimate. Altogether on the Pennsylvania System, to put it in condition to handle comfortably the traffic offered, there should be spent immediately a sum estimated at not less than \$200,000,000, and from that up to four or five hundred millions, according to different views of the present needs and the extent to which we are justified in anticipating the future. It will be impossible at once to raise such sums as I have named. It will also be impossible, immediately, to restore the efficiency of the working force.

What course, then, should be pursued for the present?

In the first place, it is necessary for all of us—both the railroad managements and the public—to make the best use of the railroad facilities that we have at hand. For instance, if we could induce shippers to load only two tons more of freight in each car, that would increase the total carrying capacity of the country by an equivalent of about 200,000 freight cars. This is by no means an impossible performance, although I am well aware and fully appreciate that the shippers have done a great deal in recent years toward heavier car loading and deserve a great deal of credit for it.

Higher Rates Necessary—Will Not Increase Living Cost

In the second place, we must have increased freight rates, because the price of transportation must be made commensurate with the cost of all the factors which enter into furnishing it. This is so elementary that I hardly think it needs to be argued, and we may take it for granted that an increase will come. The point is to make the increase a sufficient one to restore the railroads' earning power and credit.

An increase in freight rates will not in reality add to the cost of living. The cost of transportation is even now being paid in full by the public, but it is only partly being paid in the form of rates, the balance being made up out of taxation. By this I mean that any deficit which existed during the period of Government control, or which may result during the six-months period dating from March 1, 1920, is made up out of Government funds received through taxes.

If we arrange in the future so that this cost shall be paid altogether in rates, which is the correct economic condition, the railroads will be able to raise the large amount of new capital needed at lower interest charges than would otherwise be possible. Furthermore, the efficiency of transporta-

tion will be so greatly increased that the real cost of the service in the long run will be lessened. Service which is cheap measured merely by the cost per ton-mile, is not necessarily cheap when measured by its effect on the commerce of the country. If railroad development is hampered by too low a scale of rates, so that facilities and equipment in their turn become insufficient, then low rates may prove most expensive and wasteful.

Old Standards of Service Must Be Restored

In the third place, we must restore personal efficiency, the sense of individual responsibility, loyalty to the job, and the standards of courtesy and service which existed among the rank and file of railroad employes in former years. This will be a difficult task and I am afraid a slow one, but I have great faith in the American people. I think they are rapidly coming to realize that the present state of affairs cannot go on indefinitely, and that to get as much as possible for the least amount of work done only tends to aggravate instead of improve the situation.

On the Pennsylvania Railroad we have many employes now who I believe are honestly and conscientiously striving to get our service back to the former high standard which we at one time had attained. They are naturally being encouraged and assisted by our officers, and I know the heaven is working. In fact, there is evidence on all portions of our system that there is a growing spirit of co-operation among the better thinking employes in our service. The main thing to be accomplished is to get them all to realize their sense of responsibility in the rendering of a transportation service such as the Pennsylvania Railroad is looked upon to give. Some of the leaders of the labor organizations, too, are seeing the situation in its true light, and are showing a greater willingness to adjust their matters in an orderly and

regularly constituted manner, notwithstanding the many instances just this week of the recourse of some unauthorized representatives to call a strike as a means of enforcing their demands.

One of the most disquieting features of the business situation today is the increasing number of strikes which are being called in direct violation of the Union rules and obligations, and in defiance of the orders of the duly elected officers. There is a radical element still in sufficient power to cause these local interruptions in business, but the time is not far distant, I feel sure, when the more sober-minded of the workers will be able to make their influence felt. In their efforts they should be accorded every bit of public support and encouragement. Public opinion, properly directed along these lines, will materially assist in bringing about an assurance of orderly and uninterrupted industry.

Dangerous Delusion Affecting Nearly All Classes

Almost every one in the country is suffering from a psychological unbalance, due to the illusory and deceptive atmosphere of wealth and prosperity which has grown out of the extravagance connected with the war. There has been an abandonment of thrift and a dangerous delusion as to the possibility of creating wealth out of nothing which has affected almost every class of people in

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the country. Railroad men are no exception, but I cannot help feeling that they have also been subject to other unsteady influences which were inseparable from the Governmental operation of the railroads and the resulting contact with political influences.

I wish to say a word upon the subject of wages. It might be inferred from the emphasis I have laid on the great increases in the wage scales that I regard railroad wages at the present time as being too high. This is not, however, my view as to the general level compared with outside industry, although there have been exceptional cases in which unwarranted advances were given.

Wage Cuts Not Advocated ; Efficiency the Need

On the whole, however, I believe an attempt to lower the existing scale of wages under present conditions would be unwise and unjust, and it may even be that there are still some cases in which the employes are not being paid enough. We could stand the existing wage levels if we had the old-time loyalty and personal efficiency. And if the promised increase in efficiency that we were told would come with higher pay and short hours had actually been realized, we would be living in a sort of transportation Utopia. But, as I have said, neither of these things has yet come about.

In regard to further wage increase for railroad employes, I wish to make my position clear. I am not an advocate of any movement to reduce wages. The present law provides, however, through the Railroad Labor Board, that general increases of any

moment shall not be made unless with the concurrence and uncoerced consent of the general public, which in the end pays all the bills of railroad operations, whether under Government management or private management.

Great Responsibilities of New Labor Board

It is very essential that the members of the Railroad Labor Board be men of the highest type and right caliber, who are amply fitted and properly compensated for the performance of the important duties which will rest upon them. Their decisions wherein wage increases are awarded will amount to millions of dollars in added railroad costs to the public, for the new Transportation Act provides that *all expenses* must now be taken into account by the Interstate Commerce Commission in considering the question of rates. Too much emphasis cannot, therefore, be placed on the importance of getting the proper men to represent the public, the men and the railroads on this Board, and one of the prime governing factors in securing these men is the amount of compensation for their service.

This should be large enough to attract and hold capable men who are willing to render a public service such as this Board will be called upon to give.

To take care of the existing deficit in railroad operation, due to the wage increases already granted, we shall probably need a 25 or 30 per cent. increase in freight rates. If we then turn around and add another

billion dollars a year increase to the wage cost, which is the estimated cost of the pending requests of the employees, we will simply wipe out the new rate increase and then be back where we were before. More revenues would again be necessary and the public would pay the bill either in further increased freight rates or increased taxes, or both.

You might be interested to know some of the views of a railroad man as to the methods in which you, in the banking business, can help the railroad situation.

I would first say that through your commercial connections you should spread the doctrines of utilizing existing railroad facilities to their fullest capacity.

Commission Should Have the Public's Support

Next, you should attempt to arouse railroad security owners to a realization of their position and the necessity for a vigorous defense of their just rights.

Third, you should do what you can to encourage public sentiment in standing behind the Interstate Commerce Commission and give it backing to perform, without fear or hesitation, its manifest duty with regard to rates. It would be a great pity if only a meager freight increase were allowed, such as would merely save the railroads from bankruptcy and not give them the broad credit basis which they and the country require.

It is no discredit whatever to the Interstate Commerce Commission to say that it is responsive to public sentiment. On the contrary, that is one of the best things that we can say, in a Democracy, of any Governmental agency. They should all be responsive to public sentiment, or, otherwise, we do not have a Democracy.

In this connection, I would call your attention to the very important fact that this new Railroad Act not only greatly strengthens the Interstate Commerce Commission by adding to its members but also by raising their salaries. These are both very beneficial moves, but the Act also very greatly increases the responsibility of the Commissioners. For the first time the matter of fixing and determining rates which will provide adequate revenues and restore the basis of railroad credit is now squarely in their hands. In the proper performance of these duties they need all the public support it is possible to give them.

Lastly, you should stand behind the railroad managers in their efforts to restore the efficiency, discipline and morale of the working forces, and to get an honest day's or an honest hour's work for each day and each hour paid for.

Your criticisms, suggestions, thoughts and observations on the way in which our service is being conducted, or on how it can be improved, are always welcome. They will unquestionably prove of value to us, for in that way only can we ascertain whether or not we are actually meeting the demands of the public.

Good Suggestions in Speech of Manufacturer

I was very much impressed in reading some suggestions given to the Railroad Managers by Mr. G. W. Simmons, Vice-President of the Simmons Hardware Company, in an address he made recently before the Railway Business Association. His observations were based on the reports from his representatives, who are scattered all over the United States, and to show you

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just what I have in mind in asking for your criticisms and suggestions on our service, I will quote briefly from his remarks.

"Above all," he said, "give the public a square deal, but let the public know you are doing so. Put all your cards on the table. Make it clearly understood that you cannot restore normal service immediately. Thus you will gain the patient tolerance of

a public which is prone to expect the impossible.

"Let the public know that you recognize that all extra and needless expense in railroad operation eventually comes out of the pockets of the people as a whole—the vast army of consumers who in the last analysis pay not only the freight but all the pyramid of increased cost.

"Remember that private operation is on trial. If you now make good, the people will willingly pay whatever rates and provide whatever capital may be needed. If you cannot now make good, the Plumb plan or some other form of government ownership is inescapable, in which case Good-bye, America!"

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Banking and railroading go hand in hand in the advance of civilization. The services rendered by banks and railroads are so closely allied that to be fully informed concerning one requires some knowledge of the other.

The banking institutions you represent have the accounts of many business houses, all of which need modern railroad service, and, in

fact, a great deal more now than they ever had. If your customers, therefore, are supplied with the transportation service they need, the prosperity of your bank as well as the community it serves is practically assured.

To give this service is what we railroad people are now striving to do, with facilities that show the result of the terrible strain under which they have been for the past three years.

Let me close by saying that we, in the railroad world, count upon the bankers, and especially upon the younger element which you represent, to give us a very material measure of assistance in meeting the extremely difficult problems which are before us.

"Do what you can to encourage public sentiment in standing behind the Interstate Commerce Commission and give it backing to perform, without fear or hesitation, its manifest duty with regard to rates. It is no discredit whatever to the Interstate Commerce Commission to say that it is responsive to public sentiment. On the contrary, that is one of the best things that we can say, in a Democracy, of any Governmental agency. They should all be responsive to public sentiment, or, otherwise, we do not have a Democracy."